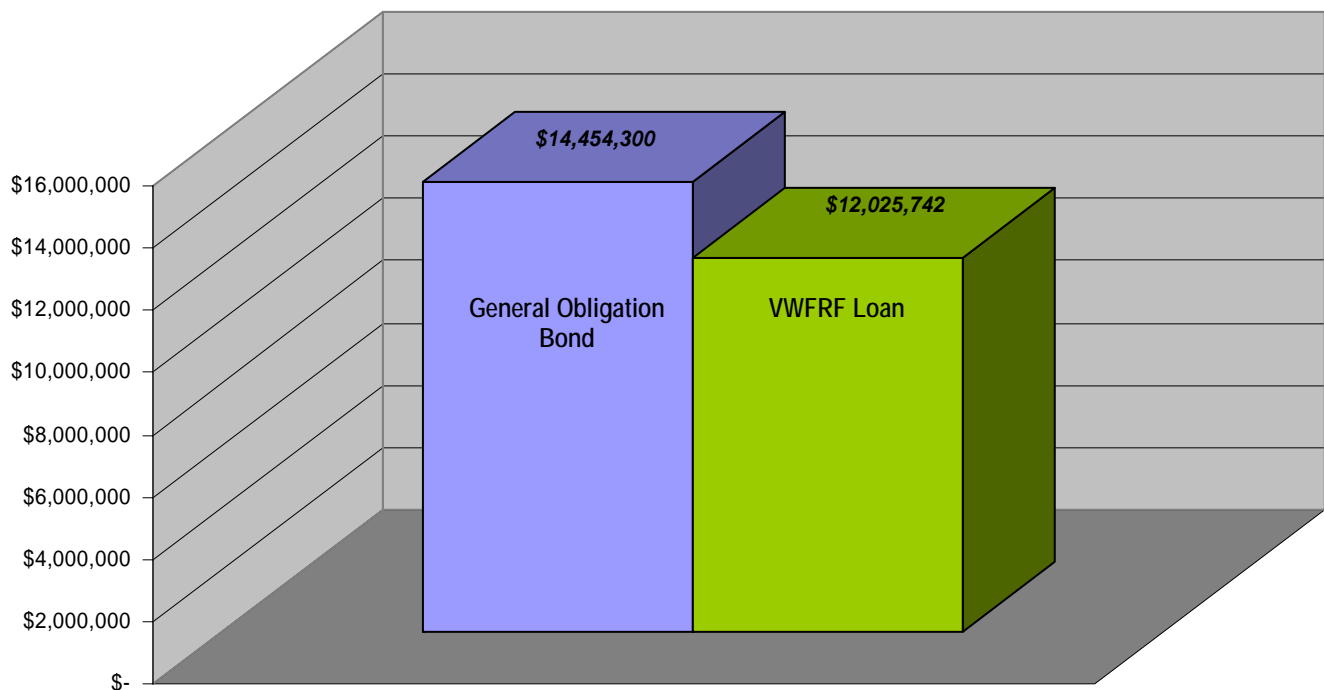




## Low-interest loans on neighborhood projects save \$2.4 million for the City

INTEREST COSTS OVER LIFE OF DEBT



*Above graph compares interest costs between the \$32.6 million VWFRF loans and General Obligation Bonds of the same amount.*

Every year since 2003, the Department of Utilities has participated in the Virginia Water Facilities Revolving Fund (VWFRF) program, which has provided \$32.6 million in loans for wastewater projects in Norfolk and will save the City nearly \$2.5 million in interest over the life of the debts.

So far, these loans have funded 18 projects to improve wastewater services to 13 Norfolk neighborhoods and two projects to benefit the operation of the sanitary sewer system citywide.

Utilities has recently applied to receive the VWFRF 2006 loan for an additional \$14.5 million at 0% interest, which will fund 10 more wastewater projects improving services in nine neighborhoods.

The loans, provided by grants from the Environmental Protection Agency (EPA) and matching state funds, provide resources to assist localities with environmental improvements. Each loan application must include a list of capital improvement projects designed to reduce impacts the infrastructure might have on the environment. For example, Norfolk's application listed those wastewater projects aimed at reducing impacts such as sanitary sewer overflows and rainwater infiltration into the sewer system.

The VWFRF loans are not easy to get. Due in July to the Department of Environmental Quality (DEQ), the application process alone requires extensive information about each construction project, including a description, the con-

### *Loans, from the front*

struction cost, estimated date of the project start and its duration. Even the construction contractor must adhere to specific procurement guidelines. And an environmental impact assessment must be done on each project.

The DEQ collects, reviews, and ranks the applications with a scoring system that awards points according to the projects' affect on or improvement to the environment. More improvement to the environment rates a higher score.

DEQ then holds a public hearing in Richmond, inviting comments and discussions about the proposed projects. After a favorable public hearing, DEQ recommends approval of the project list and passes it to the State Water Control Board (SWCB) for final review. If there are no objections, the list is approved and the loan authorized.

This point in the application timeline is usually around December. The advantage of wading through this involved and rigorous process is getting lower interest rates on the loans.

Norfolk Utilities has received a VWFRF loan every year since 2003, and the interest rate has been lower each time.

In 2003, the department received \$10 million at 3.5% interest; in 2004, \$11.1 million at 3.11%; in 2005, \$11.5 million at 3.1%.

The 3.1% interest on loan awarded in 2005 is a full 1% lower than the interest rate Norfolk would have received

had the City itself issued general obligation bonds, which the department would have had to do had it not participated in this program.

Utilities will close on the 2005 loan in a few weeks, but the department has already begun some of the projects that will be funded with the \$11.5 million.

Four projects improving sanitary sewer services in five neighborhoods have already begun or will begin this spring. Those projects are

Fairmount Park, Phase 4,  
Glengariff,  
Carlisle Way (Talbot Park), and  
Glencove/Lochhaven, Phases 2 and 3.

Norfolk's most recently-authorized VWFRF loan amounts to \$14.5 million at 0% interest. The project list for that loan included sanitary sewer improvements in the Central Brambleton, Kensington, Bayview/Bi-County Road, Berkeley, Fairmount Park, Kenilworth, Forest Park, Huntersville, and Colonial Place neighborhoods. The loan closure should take place in June or July.♦

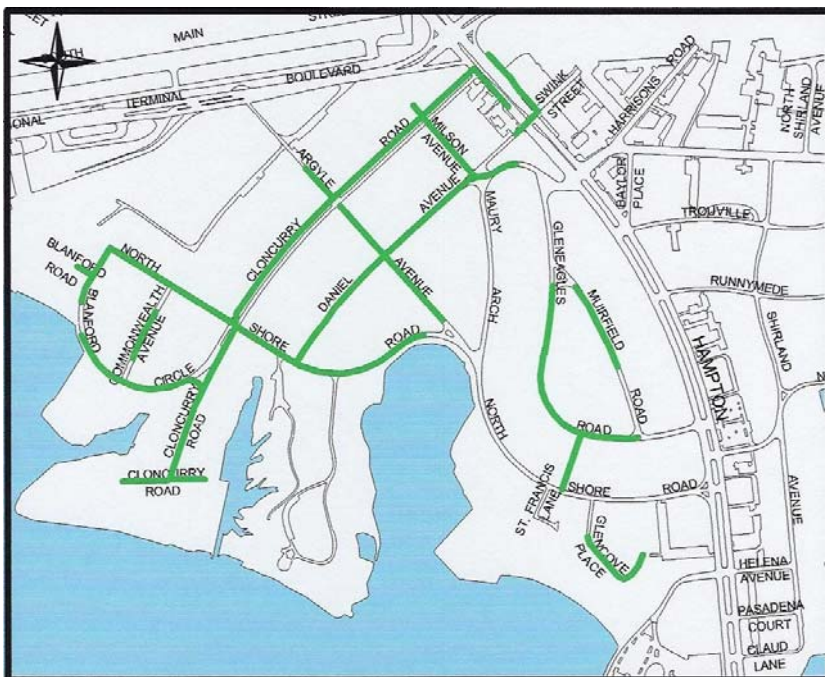
## **Utilities CIP Update**

Construction of the sanitary sewer upgrade for the **Glencove/Lochhaven** area began in December 2005 and is approximately 7% complete. The work consists of installing new sanitary sewer mains where necessary or relining the existing pipe in the areas shown in the map at right.

The project will improve services in both neighborhoods, a total of 181 residences. The contractor is currently working on Gleneagles Road.

There have been 219 requests for service in the Lochhaven Civic league area from January 2000 to the present. With the upgrade of the sanitary sewer piping in the neighborhood, it is expected that the number of service requests will decline sharply.

The project will be complete in about 18 months and will cost an estimated \$4.6 million.♦



**How much Norfolk tap water  
do you get for \$1.00?**

**Check next month's issue of  
At Work.**

